

No. 4365

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**UNITED STATES OF AMERICA  
and  
ISRAEL**

**Agricultural Commodities Agreement under Title I of the  
Agricultural Trade Development and Assistance Act  
(with agreed minute and Memorandum of Under-  
standing). Signed at Washington, on 7 November 1957**

*Official text: English.*

*Registered by the United States of America on 17 June 1958.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
ISRAËL**

**Accord relatif aux produits agricoles, conclu dans le cadre  
du titre I de la loi tendant à développer et à favoriser le  
commerce agricole (avec procès-verbal approuvé et  
Mémorandum d'accord). Signé à Washington, le 7 no-  
vembre 1957**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 17 juin 1958.*

No. 4365. AGRICULTURAL COMMODITIES AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED  
STATES OF AMERICA AND THE GOVERNMENT OF  
ISRAEL UNDER TITLE I OF THE AGRICULTURAL  
TRADE DEVELOPMENT AND ASSISTANCE ACT.  
SIGNED AT WASHINGTON, ON 7 NOVEMBER 1957

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The Government of the United States of America and the Government of Israel :

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly nations in a manner which would not displace usual marketings of the United States of America in these commodities, or unduly disrupt world prices of agricultural commodities;

Considering that the purchase for Israel pounds of surplus agricultural commodities produced in the United States of America will assist in achieving such an expansion of trade;

Considering that the Israel pounds accruing from such purchases will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales of surplus agricultural commodities to the Government of Israel pursuant to Title I of the Agricultural Trade Development and Assistance Act, as amended, and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities;

Have agreed as follows :

*Article I*

SALES FOR ISRAEL POUNDS

1. Subject to the issuance by the Government of the United States of America and acceptance by the Government of Israel of purchase authorizations, the Government of the United States of America undertakes to finance the sale to purchasers authorized by the Government of Israel, for Israel pounds, of the following agricultural commodities determined to be surplus pursuant to Title I

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<sup>1</sup> Came into force on 7 November 1957, upon signature, in accordance with article VI.

of the Agricultural Trade Development and Assistance Act in the amount indicated :

<i>Commodity</i>	<i>Amount (Million)</i>
Wheat . . . . .	\$9. 30
Corn and Grain Sorghums . . . . .	8. 70
Vegetable Oil . . . . .	1. 70
Tallow . . . . .	. 40
Butter . . . . .	6. 90
Cheese . . . . .	1. 30
Non-fat Dry Milk . . . . .	2. 20
Dry Whole Milk . . . . .	. 20
Prunes . . . . .	. 10
Cotton . . . . .	. 80
Tobacco . . . . .	. 15
Ocean Transportation (Estimated 50 per cent) . . . . .	3. 25
	TOTAL \$35. 00

Purchase authorizations will be issued not later than 90 calendar days after the effective date of this agreement. They will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the Israel pounds accruing from such sale and other relevant matters.

## *Article II*

### USES OF ISRAEL POUNDS

1. The two Governments agree that the Israel pounds accruing to the Government of the United States of America as a consequence of the sales made pursuant to this agreement will be used by the Government of the United States of America, in such manner and in order of priority as the Government of the United States of America shall determine, for the following purposes, in the amounts shown :

(a) To help develop new markets for United States agricultural commodities, for international educational exchange, for financing the translation, publication and distribution of books and periodicals, and for other expenditures by the Government of the United States of America under Sub-sections 104 (a), 104 (d), 104 (f) and 104 (i) of the Act, the Israel pound equivalent of \$5.25 million.

(b) For loans to be made by the Export-Import Bank of Washington under Sub-section 104 (e) of the Act and for administrative expenses of the Export-Import Bank in Israel incident thereto, the Israel pound equivalent of \$8.75 million, but not more than 25 per cent of the currencies received under the

agreement. Such loans will be made to United States business firms and branches, subsidiaries, or affiliates of such firms in Israel for business development and trade expansion in Israel and to United States firms, and Israeli firms, for the establishment of facilities for aiding in the utilization, distribution or otherwise increasing the consumption of and markets for United States agricultural products. It is understood that such loans will be mutually agreeable to the Export-Import Bank of Washington and the Government of Israel. The Minister of Finance, or his designate, will act on the behalf of the Government of Israel in this matter. In the event the Israel pounds set aside for loans under Sub-section 104 (e) of said Act are not advanced within three years from the date of this agreement because Export-Import Bank of Washington has not approved loans or because proposed loans have not been mutually agreeable to Export-Import Bank of Washington and the Minister of Finance, the Government of the United States of America may use the Israel pounds for any purpose authorized by Section 104 of the Act.

(c) For a loan to the Government of Israel to promote the economic development of Israel under Sub-section 104 (g) of the Act, the pound equivalent of \$21 million the terms and conditions of which will be included in a supplemental agreement between the two Governments. It is understood that the loan will be denominated in dollars, with payment of principal and interest to be made in United States dollars, or, at the option of the Government of Israel, in pounds, such payments in pounds to be made at the applicable exchange rate as defined in the loan agreement, in effect on the date of the payment. It is further understood that loan funds shall be disbursed only after prior agreement as to the uses of such loan funds. These and other provisions will be set forth in the loan agreement and any agreement supplemental thereto. In the event the Israel pounds set aside for loans to the Government of Israel are not advanced within three years from the date of this agreement as a result of failure of the two Governments to reach agreement on the use of the Israel pounds for loan purposes, the Government of the United States of America may use the Israel pounds for any other purpose authorized by Section 104 of the Act.

2. In the event the total of Israel pounds accruing to the Government of the United States of America as a consequence of sales made pursuant to this agreement is less than the pound equivalent of \$35 million, the amount available for the loan to the Government of Israel under Sub-section 104 (g) would be reduced by the amount of such difference; in the event the total pound deposit exceeds the equivalent of \$35 million, 60 per cent would be available for the loan, and the balance for such use under Section 104 as determined by the United States Government.

*Article III*

## DEPOSIT OF ISRAEL POUNDS

The deposit of Israel pounds to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that United States flag vessels be used) shall be made at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by United States banks, or by the Government of the United States of America, as provided in the purchase authorizations.

*Article IV*

## GENERAL UNDERTAKINGS

1. The Government of Israel agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this agreement, and to assure that the purchase of such commodities does not result in increased availability of these or like commodities to nations unfriendly to the United States of America.

2. The two Governments agree that they will take reasonable precaution to assure that sales or purchases of surplus agricultural commodities pursuant to this Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or materially impair trade relations among the countries of the free world.

3. In carrying out this Agreement the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

4. The Government of Israel agrees to furnish, upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrivals and condition of commodities and the provisions for the maintenance of usual marketings and information relating to exports of the same or like commodities.

*Article V*

## CONSULTATION

The two Governments will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

*Article VI*

## ENTRY INTO FORCE

This Agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE in duplicate at Washington, D. C. this seventh day of November 1957.

For the Government of the United States of America :  
William M. ROUNTREE

For the Government of Israel :  
Abba EBAN

AGREED MINUTE BETWEEN THE NEGOTIATORS FOR THE  
UNITED STATES OF AMERICA AND THE NEGOTIATORS FOR  
ISRAEL RELATIVE TO THE AGRICULTURAL COMMODITIES  
AGREEMENT, SIGNED NOVEMBER 7, 1957<sup>1</sup>

The United States representatives secured the following understandings from the representatives of Israel :

1. USUAL MARKETINGS

*Wheat.* The amount of \$9.3 million (about 150,000 M.T.) has been agreed to under Title I, Public Law 480, on condition that Israel provide assurance it will import 245,000 M.T. during the United States fiscal year 1958 from free world sources of which at least 125,000 M.T. will be imported as usual marketings for dollars from the United States, and on the further condition that exports of wheat by the Government of Israel during FY 1958 consist only of durum wheat and be limited to no more than 10,000 M.T. Further, it is understood that the Government of Israel will procure with other funds an

<sup>1</sup> See p. 256 of this volume.

amount of wheat equivalent to that exported over and above the amount agreed to be procured as usual marketings (i. e. 245,000 M.T.).

*Corn and Grain Sorghums.* The \$8.7 million (about 190,000 M.T.) has been agreed to under Title I, Public Law 480, on condition, as heretofore agreed upon, that Israel provide assurance it will import 20,000 M.T. during FY 1958 as usual marketings for dollars.

*Tallow.* The \$0.4 million (about 2,000 M.T.) has been agreed to under Title I, Public Law 480, on condition that Israel provide assurance it will import a minimum of 900 M.T. as usual marketings for dollars from the United States during FY 1958.

*Vegetable Oil.* The \$1.7 million (about 5,000 M.T.) has been agreed to under Title I, Public Law 480, on condition that Israel provide assurance it will import from the United States as usual marketings for dollars during FY 1958 an amount of oil seeds or oils having an oil equivalent of 8,000 tons.

*Prunes.* The \$0.1 million (about 500 M.T.) has been agreed to under Title I, Public Law 480, on condition that Israel provide assurance it will import a minimum of 150 M.T. as usual marketings for dollars from the United States during FY 1958.

*Cotton.* The \$0.8 million (about 5,000 bales) has been agreed to under Title I, Public Law 480, on condition that Israel provide assurance it will import 10,000 bales during FY 1958 as usual marketings for dollars.

*Tobacco.* The \$0.15 million (about 90 metric tons) has been agreed to under Title I, Public Law 480, on condition that Israel provide assurance it will import \$150,000 worth of tobacco during FY 1958 as usual marketings for dollars.

## 2. CURRENCY USES

It is understood that, in view of the agricultural surplus problem in the United States, careful attention will need be given to the inadvisability of using economic development loan funds under section 104 (g) for projects either in the field of governmental or private investment which would reduce export outlets for United States agricultural commodities. This applies to any

project whether or not related to projects financed by the Export-Import Bank of Washington, the International Bank for Reconstruction and Development, or the International Finance Corporation. Projects for such purposes as expansion or improvement of livestock production, storage, processing and distribution facilities; development of forestry resources; or other purposes which would not have the effect of reducing export outlets for United States agricultural commodities would be considered on an individual basis.

3. The representatives of the two Governments agreed that in connection with agricultural market development activities in other countries the Government of Israel will provide the equivalent of \$300,000 worth of Israel pounds in European currencies or other currencies to be agreed upon or facilities for the conversion thereof. It is also understood that the Government of the United States of America may utilize Israel pounds to procure in Israel goods and services needed in connection with agricultural market development projects and activities in other countries. Furthermore, the representatives of the two Governments agreed that the Government of the United States of America may utilize the equivalent of \$100,000 worth of Israel pounds in Israel to pay for international travel between the United States and Israel, including connecting travel. In this connection the United States representatives agreed that preference will be given to use of Israeli flag lines.

DONE at Washington, D. C. this seventh day of November 1957.

A. E.

W. R.

#### MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ISRAEL

In arriving at mutual agreement concerning loans eligible under Subsection 104 (e) the Minister of Finance, or his designate, will act for the Government of Israel, and the President of the Export-Import Bank of Washington, or his designate, will act for the Export-Import Bank of Washington.

As soon as practicable after receipt of an application which the Export-Import Bank is prepared to consider, the Export-Import Bank will notify the Ministry of Finance of the identity of the applicant, the nature of the proposed business, the amount of the application and the general purposes for which the loan proceeds would be expended.



When the Export-Import Bank approves or declines an application, it will notify the Ministry of Finance.

Within sixty days after the receipt of notice that Export-Import Bank has approved an application, the Ministry of Finance will indicate to Export-Import Bank whether or not the Ministry of Finance approves the proposed loan. Unless within the sixty-day period the Export-Import Bank has received such a communication from the Ministry of Finance, it shall be understood that the Ministry of Finance has no objection to the proposed loan.

In approving a loan, the Export-Import Bank will (1) fix an interest rate similar to that prevailing in Israel on comparable loans; and (2) establish maturities similar to those of Export-Import Bank dollar loans to private enterprises.

To the extent necessary additional procedure will be negotiated between Export-Import Bank and the Ministry of Finance.

DONE at Washington, D. C. this seventh day of November 1957.

A. E.

W. R.